

Sales Tax Return (DR 0100) Common Errors

- **Filing Tips**
- **Online Service Tips**
- **Common Errors**
- **and More!**



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Tips Before You File

Use Revenue Online



- **First, sign up for Revenue Online.**
Single location filers may file online in [Revenue Online](#) as long as they have filed at least one paper return with the department or have a Letter ID which can be requested in [Revenue Online](#). The Letter ID is mailed to the address on the account.

[Multiple location filers](#) may file online as long as they have tested the electronic Excel spreadsheet and received approval from the department to use the file, by using an approved XML file, or by filing each jurisdiction separately.
- **Verify the state and local tax rates.**
Go to [Revenue Online](#), under "Other Services" then "View Business Location Rates."

Tips Before You File

Form Filing Dates

- **Filing forms with incorrect filing dates.** Always use the correct period date. For example, if filing for the first quarter (January to March) 2013, the dates on the return for this period on returns should be 0113-0313. The format is MMY-YYYY. Also, do not make copies of any forms with pre-printed periods/dates to use to file taxes for another period.

You can avoid this issue by filing with [Revenue Online](#).

- **File on time.** Multiple location filers who file sales tax forms need to make sure all forms are mailed/postmarked by the 20th of the month, even if a payment was made before that date. For example, if paying by [Electronic Funds Transfer \(EFT\)](#) on the 15th of the month, the form is due and must be postmarked by the 20th.

You can file up to and on the 20th of the month through [Revenue Online](#) to avoid a late payment issue.

Tips Before You File

Use Correct Information

- **Special district taxes.** Use the Special District Column on the DR 0100, to remit special district taxes.
- **FEIN and SSN Numbers.** Our accounting system actively verifies Federal Employer Identification Numbers (FEIN) and Social Security Numbers (SSN) used on business accounts. The system verifies the numbers through the Internal Revenue Service. If your account does not have a valid FEIN/SSN number, you will receive a notice from us to correct this number as soon as possible.
- **Use the correct county and city jurisdiction codes for your business location(s).** If you are not using a form printed by the Department of Revenue be sure to check the publication ["Jurisdiction Codes for Sales Tax Filing" \(DR 0800\)](#) for the appropriate six-digit (NN-NNNN format) code.

Tips Before You File

Help is Available

- Have Questions? Use the Taxation Web site www.TaxColorado.com

You can find answers to questions by looking at the Sales Tax FYI publications, the Sales Tax Common Questions and more. Our Web site has links to [Revenue Online](#) near all sales tax forms needed to remit taxes.

We also provide technical details where available (for example record retention requirements).

Calculation Errors

Incorrect tax rates and mathematical errors

- When filling out a blank, generic sales tax return that has no pre-printed sales tax rates **verify the state and local tax rates in [Revenue Online](#), under “Other Services” then “View Business Location Rates.”**
- List the rate correctly on the form and multiply as follows: If the sales tax rate = .25 percent, this percent should be calculated as .0025 on the return. If the total net taxable sales collected for a jurisdiction is \$500, the calculation would be $\$500 \times .0025 = \1.25 . All tax amounts should be reported on the return using standard rounding rules where cents below 50 cents get rounded to “0” and 50 cents and higher get rounded up to the next dollar. For example, a \$1.25 should round down to \$1.00. Calculate the tax by using either a percentage key on a calculator or by using the decimal method, do not mix these calculation methods. Finally, always double-check math calculations

Calculation Errors

Negative Numbers and Amounts

- **Do not submit a return with negative numbers.** Negative numbers should never be used anywhere on the return. Credits for one jurisdictional tax cannot be offset against another jurisdictional tax. Credits cannot be moved from one column to another. After calculating a return, if any column falls below zero, the credit can be carried forward to a future return and applied to the same jurisdiction/column. A credit can only be subtracted within the same column up to the amount of what is reported for that jurisdiction for the current period.
- **The return should be completed in numerical line order,** which will eliminate a negative calculation. Negative amounts are a common occurrence when completing the return in reverse from line 15 upward. A 10% improper filing penalty may be assessed if a return demonstrating negative numbers is filed.

Try [Revenue Online](#) and avoid these potential problems!

Incorrect Use of Columns - DR 0100

Revenue Online and Service Fee Information

- You can avoid using the DR 0100 incorrectly by filing through **Revenue Online**. The next set of tips will help you file a paper return.

However, you can skip the hassle and file with [Revenue Online](#) instead!

- **Service fee not taken for timely filed/timely paid returns.** Verify the state and local tax rates and vendor service fees in [Revenue Online](#), under "Other Services" then "View Business Location Rates"

Incorrect Use of Columns - DR 0100

City, County, Special District and State Columns

- **Line 3 "Net Sales" has different amounts for city, county, special districts and state.** Lines 2A and 2B should be used to calculate deductions allowable by the state, in order to reach the net sales tax for each jurisdiction. Line 3 net sales should be the same in each applicable column for state collected jurisdictions. This is a common error when completing the return in reverse from line 15 upward. A 10% improper filing penalty may be assessed if a return demonstrating inconsistent net tax is filed.
- **Do not list taxes in columns on the sales tax return that are NOT designated for that tax.** The sales tax return has a column designated for each jurisdiction (for example, County, City, Special Districts, and State.) Therefore, be sure to correctly list each tax in the appropriate column.

Incorrect Use of Columns - DR 0100

Do not leave columns/lines blank.

Fill out the sales tax return completely. Do not leave columns/lines blank.

- Use NA if a column on the DR 0100 return does not apply to a business location.
- Put NA or Not Applicable on the TAX RATE line for that column.
- DO NOT write 0.00 or leave it blank. Zeros or leaving it blank will cause an error in our accounting system.
- If a “0” is listed on any line or column, the department will assume that the business is still responsible for remitting that jurisdiction’s tax but that the amount due for that period is “0.”
- Use “0” if there is no tax to report but the tax DOES apply to the location.
- Every line on a tax return needs to be filled out correctly in order to be processed timely.
- Do not leave a column blank or incomplete, even if filing a “zero” return with no tax due.

Incorrect Use of Columns - DR 0100

Proper Forms and Out of Taxing Area

- **Do not change pre-printed sales tax forms you receive by mail.** Do not enter new sales tax jurisdictions that have not been set up on an existing account. Additional locations must be set up before filing.
- **Do not create customized or independent forms to remit taxes for additional jurisdictions.** For example, if the current sales tax return states that taxes will be remitted for Boulder County in the county column, do not cross out Boulder County and replace it with Jefferson County.

If you already have a sales tax account and need to add a physical location, notify the Department of Revenue (DOR) of the new branch/location by submitting the [Sales Tax/Withholding Account Application \(CR 0100\)](#). For a branch with NO physical location in Colorado, send an email request to add the branch/location to: dor_multilocations@state.co.us

- **If all sales for a specific jurisdiction are out of the taxing area,** put the amount on line 3A in the applicable column and then be sure to put a "0" on every line in that column down to line 14.

Incorrect Use of Columns - DR 0100

Total Amount Remitted and Use Tax

- **Total amount remitted on line 15 of the return does not match the subtotal columns on line 14 of the return.** For example, if the total for all columns of the sales tax return is \$500, then the remittance should also be \$500.
- **Line 10 of the Retail Sales Tax Return (DR 0100)** is used for tax on goods removed from inventory for personal or business use. Line 10 should not be used to file consumer use tax.

Instead, businesses should report consumer use tax through [Revenue Online](#) or on the Consumer Use Tax Return (DR 0252) and the RTA Consumer Use Tax Return (DR 0251) for the RTA branches. For more information on use tax, please see the [Consumer Use Tax Web page](#) and [FYI General 10](#).

Failure to Correctly Report Local Taxes

Combining Taxes into One Column

- **Multiple jurisdictional filers cannot combine the county tax collected for all locations on one form.** For example, if you have five physical locations in Summit County, each location must report the tax on a separate return. All taxes collected for any jurisdiction can't be combined and reported on one of the Summit County returns for all locations while leaving the tax amounts off the other sales tax returns for the other four locations. The same rule applies to all of the local taxes collected for companies with multiple locations in any jurisdiction.
- **Do not write "Various" on any tax rate line and combine all the jurisdictional taxes together in one column.** Returns will not be processed correctly and there will be delays in processing. Each jurisdiction has one tax rate and taxes collected for that jurisdiction must be reported in its own column. For example, the state sales tax return has one column designated for city tax and only one sales tax rate applies to that city.

Failure to Correctly Report Local Taxes

Carry forward of Credits

- Do not subtract a credit from a previous period and carry it forward to a future period and deduct that credit from all jurisdictions listed or columns on the current period tax return. For example, if a credit is carried forward for city taxes, only take the credit in the city column; do not take the credit from the county, state, or special district columns, too. **Example:** Tax overpaid by \$50.00 needs to be converted into net taxable sales credit. \$50 divided by tax rate will result in net taxable sales credit to be posted on Line 3C for the applicable liability.

Multiple Location/ Jurisdiction Filers Errors

- **Multiple Location/Jurisdiction Filers have the option of filing returns electronically to avoid errors.** Use an approved XML file format (see the [XML Web page](#) for more details) or an Excel spreadsheet, also requiring approval from the department.

Filing electronically is recommended to reduce mathematical and data entry errors. For more information, please see the [Multiple Location/Jurisdiction Filers Web page](#).

- **Keep contact information current with the Department of Revenue.** Please be sure to notify us if there is a change in personnel, mailing addresses, phone numbers and most importantly, email address. We send communication and acknowledgements through email often. Please be sure we have the most up-to-date contact information. Send your contact information to dor_locationfilers@state.co.us

Multiple Location/ Jurisdiction Filers Errors

- **Verify Jurisdictions/locations early.** It's recommended that you verify all of your jurisdictions on your account before you submit your return electronically. Confirm jurisdictions/locations in [Revenue Online](#), under "Other Services" then "View Business Location Rates." The verification system will show all open locations for your account number and the current, applicable tax rates for each location.
- **Sales and use tax returns that do not have location/branch numbers to identify jurisdictional reporting**
Each sales and use tax return should have a site number entered on the return in order to be processed (for example, 01234567-0001). This helps the department identify and properly allocate local jurisdictional taxes that are paid with the return.
- **The best solution to avoiding these errors is to file each jurisdiction through [Revenue Online](#).** Prior to filing returns for the current filing period, visit Revenue Online under Other Services, View Business Location Rates. Enter the Colorado Account Number. Revenue Online will display all active locations for the account.

Common Payment Errors

Verify Payments and Pay Electronically

- **Simplify into one easy payment.** Taxpayers can make a single payment to remit the tax for all locations. Payments can be made through [Revenue Online](#).
- **Make sure your Electronic Funds Transfer (EFT) payment matches the total amount filed on either the XML return or on the DR 0100 return.** Double-check for mathematical and transposition errors. Both the amount on the return and the amount of the EFT must match.

Payment Errors

EFT payments and Overpayments

- Taxpayers who make a tax payment using Electronic Funds Transfer (EFT) need to file a return. Single location taxpayers can file through Revenue Online. Filing a return late, not filing a return, incomplete returns, and non-payment or incomplete payment of the tax due may result in an assessment of penalties and interest.
- **Overpayment of tax and taking credits on future returns.** If you overpaid sales tax on a previous return, you may deduct the overpayment amount on the DR 0100, line 3C *only* if there is not an existing credit on the account due to the overpayment.
 - View your account through Revenue Online to get to the dollar amount of sales on line 3C then divide the tax overpayment by the same tax rate you used to calculate the tax due on the original return. The calculation must be done for each applicable tax for the site. Do not reduce the tax liability below zero. If there is credit on a previous period or a question as to the calculation of the overpayment of tax, a DR 0137 Claim for Refund should be filed with an amended return for the applicable period(s) and location(s).

End of Presentation

- Ready to file through [Revenue Online?](#)
Get started here?
- Need more help?
Visit our [Taxation Web site.](#)
- [Re-watch the presentation.](#)